



**CALFED
BAY-DELTA
PROGRAM**

1416 Ninth Street, Suite 1155
Sacramento, California 95814

(916) 657-2666
FAX **(916) 654-9780**

December 13, 1999

Mr. David Yardas
Environmental Defense Fund
5655 College Avenue, Suite 304
Oakland, CA 94618

Dear Mr. Yardas:

Thank you for your letter dated December 7, 1999. You raise a number of good points and below is a response to each. The next Issues Subcommittee meeting is January 10, 2000, from 9:30 a.m. - 12:00 p.m., Room 1118 in the Resources Building. Participation by you and other Roundtable members will be critical to making progress on these important issues.

The purpose of the December 8, 1999 Issues Subcommittee meeting was to gather specific comments on the next draft of the PSP, expected to be released in March of 2000. This solicitation plays an important role in transitioning to the long-term implementation of the Ecosystem Restoration Program. The Roundtable will be provided drafts of PSP revisions in January and February.

- Status of Annual Implementation Plan: While described in your 11/1/99 memo as "the foundation and first step in the annual ecosystem restoration implementation process," CALFED was at that time only "in the process of developing a panel of scientists to develop the FY 2001 Implementation Plan" upon which the 2000 PSP will be based -- where do matters stand today, and how does the timeline look?

Response: A status report on this topic was provided at the Issues Subcommittee meeting. A Science Board is being developed that represents the scientific disciplines discussed at the last Ecosystem Roundtable meeting. A list of potential members is enclosed. This Board's initial tasks will be to develop the FY 2001 Implementation Plan. They will meet in January and early February in a public forum to develop a draft plan. They will work with and be supported by agency and stakeholder scientists. Results of that work will be the topic of a public workshop and be brought to the Roundtable, BDAC, and Policy Group for consideration in February 2000. The FY 2001 Implementation Plan will be incorporated into the PSP.

CALFED Agencies

California The Resources Agency
Department of Fish and Game
Department of Water Resources
California Environmental Protection Agency
State Water Resources Control Board
Department of Food and Agriculture

Federal Environmental Protection Agency
Department of the Interior
Fish and Wildlife Service
Bureau of Reclamation
U.S. Geological Survey
Bureau of Land Management
U.S. Army Corps of Engineers

Department of Agriculture
Natural Resources Conservation Service
U.S. Forest Service
Department of Commerce
National Marine Fisheries Service
Western Area Power Administration

- Improved notice/disclosure of rejected applications: This was very poorly handled as part of the 1999 PSP, including both the initial round and the so-called "99B" round of funding recently concluded.

Response: As described at previous Ecosystem Roundtable meetings, the proposed review process will incorporate several features to provide more complete project review information to project applicants. An application will first be evaluated against a minimum requirement checklist. If the application is incomplete, it will be returned to the project applicant. Next, a proposal will undergo a scientific review and staff review based on the criteria outlined in the PSP. That evaluation is expected to be more narrative in nature which will explain how the reviewers evaluated the proposals in response to the criteria. Those two evaluations will be available to the public and forwarded to a technical panel and the Science Board for discussion and recommendations in a public forum. Those recommendations then are discussed in a public workshop, Roundtable meeting, BDAC and Policy Group.

- Mechanisms for facilitating improved applications: Is there any way to refine the process and/or revise the authority to enable work directly with applicants to improve their initial submissions? (More generally, CALFED should explore alternatives like the NSF grants process for ideas about how to improve the entire PSP process).

Response: As the PSP evolves, we will be more specific with the types of projects that we are looking to fund and the type of information needed to evaluate those actions. This should result in better proposals. CALFED is exploring other grant processes for ideas. The Columbia Basin Fish and Wildlife Program, in particular, may be a source of "lessons learned" for a large restoration program. There are legal limitations for working directly with applicants in a public solicitation. However, for specific actions with identified implementing agencies, CALFED will be able to work with applicants through the Directed Program process to ensure proposals meet the goals of the program. Additionally, large, multi-phased projects will be conditionally funded where additional peer and technical review will occur prior to funding construction phases.

- Resolution of conflict of interest policies for Roundtable members, affiliates, and liaisons: Did this get resolved last meeting? I think so, but wanted to make sure.

Response: This was resolved at the November Roundtable meeting. A copy of the policy is enclosed.

Mr. Yargas
December 13, 1999
Page Three

- Relationship to/interface with CALFED governance discussions: How will what we are trying to do here be supported, or not, by what is being proposed and discussed more broadly?

Response: Discussions are underway with the governance program and for integration with other CALFED programs. A draft governance document has been discussed at BDAC and Policy Group and is available for review. The development of the process for implementing the ERP has been closely coordinated with the emerging governance proposal to ensure that issues associated with ERP implementation are being addressed in the development of a future governance structure.

- Coordination/integration issues: This was recently identified by staff as a matter of great concern to the CALFED Policy Group -- where do these discussions stand? Why not a jointly-funded 2000 PSP using some dedicated portion of the CVPIA Restoration Fund? What about WRR appropriations? Four Pumps/Tracy? etc.

Response: A work plan for restoration funding integration will be proposed under the governance program. Details will be better defined at the time a Commission is created. Discussions continue between CALFED and CVPIA with the intent to move toward more functional integration. This includes a move toward using one Science Panel in developing priorities. The Science Board will be provided the CVPIA annual work plans and the CVPIA six year plan for consideration in developing FY2001 priorities. CVPIA staff will also be involved with the Science Board process. It is expected that a joint plan will be developed sometime in the future.

- Cost-sharing policies/requirements: Existing federal law (e.g., CVPIA) generally limits the federal contribution to capital costs for fish screening projects to "not more than 50%" (and zero for annual O&M), with the balance typically split between state and agency/user sources -- there is, however, no comparable CALFED capital cost-sharing policy, nor even a firm policy commitment, and there should be -- ditto for water quality, watershed, and other "non-ecosystem" projects and programs.

Response: This issue requires focused discussion by the Issues Subcommittee.

- Policy Group discretionary reserve: In response to the Policy Group's recent unilateral decision to re-submit for Roundtable review some \$2 million in so-called "watershed" proposals that were initially rejected for funding through the Roundtable's pre-established scientific vetting process, I thought we should consider an annual "discretionary reserve" of ~\$2 million right up front so that, in future such episodes, how the process really works will be clear to all.

Response: Discussions at the November Roundtable meeting revolved around making actions of the Policy Group more transparent. It was suggested that criteria be used by the Policy Group when making such decisions. This topic requires further discussion. For FY2001, policy issues are being outlined to be presented to the Science Board. Their discussions will first center around 12 scientific uncertainties that are outlined in the Strategic Plan. Additionally, the Science Board will be asked to provide guidance on scientific aspects of policy issues, such as the connection between lower and upper watersheds and restoration actions in the Delta. A distinction will be made between advice on the scientific uncertainties versus advice on scientific aspects of policy-related issues.

- Ecosystem water acquisition program: I have previously urged immediate re-instatement of the "independent review" of the CVPIA water acquisition program that was recommended and approved by the Roundtable in 1999, but canceled without notice by CALFED (?) Later that year for as-yet unknown reasons...we also need an update on Dick Daniel's "comprehensive water acquisition program," initiated with haste earlier this year but nowhere to be seen since then...plus the need for PSP and/or directed funding to address and resolve third party and other "externality" issues/concerns related to a wide range of ecosystem water acquisition approaches...

Response: As explained at previous Roundtable meetings, the reason the CVPIA water Acquisition Program review was not initiated was because Environmental Water Account discussions emerged at the same time. At that time, these two efforts were considered duplicative. As EWA has evolved, it has become apparent that this is not the case. CALFED is committed to developing a long-term framework for water acquisition. A draft ERP Environmental Water Program Scope of Work was passed out at the Issues Subcommittee meeting and will be the topic of a January 10, 2000, Issues Subcommittee meeting. This topic will also be considered by the Science Board and for inclusion in the 2000 PSP package.

Mr. Yardas
December 13, 1999
Page Five

- Available Funds: What does CALFED intend to tell prospective PSP applicants as to the source and amount of ecosystem (or other) funds expected to be available in FY01? Uncertainties regarding the targeted completion of a final Record of Decision prior to the onset of FY01, plus the concurrent expiration of appropriations authority under the federal Bay-Delta Act, suggest that some form of full disclosure is needed. Do you have draft language to share?

Response: Description of sources of funds for FY 2001 will be fully disclosed in the PSP. Draft language will be available in January.

The Ecosystem Restoration Program has come a long way in the last year and additional work is needed to ensure a smooth transition to ERP implementation. Of the issues you raised, a few require additional discussion. We look forward to working with you and the Roundtable in resolving those outstanding issues.

Sincerely,



Wendy Halverson Martin
Restoration Coordinator

Enclosures

cc: Ecosystem Roundtable Members and Liaisons